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# The Treasury Note

A monthly newsletter of California municipal finance  
November 1, 2002

## Recent Bond Sales

### Power Supply Revenue Bonds

The Department of Water Resources (DWR) issued \$4.25 billion in Power Supply Revenue Bonds on October 23. This initial sale, of what will be the largest municipal bond issuance in history at an estimated \$11.95 billion, was comprised of \$3.75 billion in tax-exempt, variable rate demand bonds and \$500 million in tax-exempt, auction rate bonds. A wide range of institutional investors met the sale with strong demand and the bonds sold within a few hours of coming to market. All of the bonds carry credit enhancement, and achieved a favorable interest rate of 1.80 percent.

Proceeds from the bond sale will repay the interim loan DWR used to purchase power in 2001 and to fund bond reserves.

The remaining \$7.70 billion in Power Supply Revenue Bonds are scheduled to sell the week of November 4 and will be comprised of taxable and tax-exempt, fixed-rate bonds. The long-term, uninsured ratings are A-, A3, and BBB+ from Fitch Ratings, Moody's Investors Service, and Standard & Poor's, respectively. Proceeds from this sale will reimburse the General Fund for advances made to DWR for power purchases last year.

JPMorgan senior managed the sale with Lehman Brothers.

### Revenue Anticipation Notes

The State of California sold \$9 billion in Revenue Anticipation Notes (RANs) on October 9. The sale consisted of \$4.755 billion in fixed rate notes and

\$4.245 billion in index notes. The State issued the notes to support its cash flow management needs for the 2002-03 fiscal year. The total authorization for this year's RANs is \$12.5 billion, the initial sale on October 9 was \$9 billion, with the remaining \$3.5 billion scheduled to sell the week of October 28.

The RANs sold at a true interest cost of 1.74 percent, with \$6 billion maturing on June 20, 2003 and \$3 billion maturing on June 27, 2003. The three major rating agencies, Fitch Ratings, Moody's Investors Service, and Standard & Poor's, rated the bonds F1 (both maturities), MIG-1 (June 20, 2003 maturity) and MIG-2 (June 27, 2003 maturity), and SP-1 (both maturities), respectively.

The State sold the fixed rate notes in a negotiated sale led by Lehman Brothers. Goldman, Sachs & Co. was the senior manager for the index notes.

### General Obligation Bonds

The State of California sold \$800 million in general obligation bonds on October 9. The bonds sold in a competitive sale. Merrill Lynch & Co. was the winning bidder with the true interest cost of 4.68 percent. The three major rating agencies, Fitch Ratings, Moody's Investors Service, and Standard & Poor's, rated the bonds AA, A1, and A+ respectively, in each case affirming the State's current bond ratings.

If you are interested in purchasing the bonds mentioned above, please contact your broker.

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## Redemptions & Defeasances

The listing below reflects redemptions and defeasances officially announced as of November 1, 2002.

**State Public Works Board of the State of California, Lease Revenue Bonds (Secretary of State and State Archives Building Complex), 1992 Series A, Dated Date: October 1, 1992 (Partial Redemption).**

\$10,655,000 of the bonds (CUSIP Number 13068GKU9) due December 1, 2009 and \$36,430,000 of the bonds (CUSIP Number 13068GKA3) due December 1, 2012 will be redeemed on December 1, 2002.

**State Public Works Board of the State of California, Lease Revenue Bonds (The Regents of the University of California), 1992 Series A (Various University of California Projects), Dated Date: December 1, 1992 (Partial Redemption).**

\$10,650,000 of the bonds (CUSIP Number 13068GKQ8) due December 1, 2006; \$11,345,000 of the bonds (CUSIP Number 13068GKR6) due December 1, 2007; \$12,065,000 of the bonds (CUSIP Number 13068GKT2) due December 1, 2008; \$12,855,000 of the bonds (CUSIP Number 13068GKV7) due December 1, 2009; \$117,040,000 of the bonds (CUSIP Number 13068GKW5) due December 1, 2016; and \$152,770,000 of the bonds (CUSIP Number 13068GKY1) due December 1, 2022, will be redeemed on December 1, 2002.

**State Public Works Board of the State of California, Lease Revenue Bonds (California Community Colleges), 1992 Series A, Dated Date: December 1, 1992 (Partial Redemption).**

\$6,100,000 of the bonds (CUSIP Number 13068GLP9) due December 1, 2007; \$6,450,000 of the bonds (CUSIP Number 13068GLS3) due December 1, 2008; \$30,095,000 of the bonds (CUSIP Number 13068GLQ7) due December 1, 2012; and \$49,325,000 of the bonds (CUSIP Number 13068GLR5) due December 1, 2017, will be redeemed on December 1, 2002.

**Department of Veterans Affairs of the State of California, Home Purchase Revenue Bonds, 1998 Series A, Dated Date: May 5, 1998 (Partial Redemption).**

\$4,155,000 of the bonds (CUSIP Number 130658GF8) due December 1, 2018 and \$6,420,000 of the bonds (CUSIP Number 130658GG6) due December 1, 2019 will be redeemed on December 1, 2002.

Questions regarding redemptions or defeasances can be directed to *Investor Relations* at (800) 900-3873.

## Information & Assistance

For updated information regarding upcoming bond sales, the State's credit rating, and other bond related information, visit our website at: [www.treasurer.ca.gov](http://www.treasurer.ca.gov)

## Bond Sales Calendar<sup>1, 2</sup>

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website ([www.treasurer.ca.gov](http://www.treasurer.ca.gov)) or call *Investor Relations*.

PROPOSED BOND SALES	AMOUNT	SALE DATE
DWR Power Supply Revenue Bonds (Fixed Rate)	\$7.7 billion	Week of November 4
State Public Works Board	\$400 million	Week of November 20
Tobacco Securitization Bonds	\$4.5 billion	Winter/Spring 2003

<sup>1</sup> Subject to change

<sup>2</sup> Economic refundings may be added

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